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British and US Strategies in the Competition for Energy Resources in Sub-Saharan Africa¹

Stefan Andreasson

The good Lord didn't see fit to put oil and gas only where there are democratically elected regimes friendly to the United States... We go where the business is.

Richard Cheney, CEO of Halliburton,

1998 speech to the Cato Institute

(quoted in Coll 2012, 162)

Introduction

In their respective roles as colonial power and post-WWII era superpower, Britain and the United States have amassed significant economic and strategic interests across sub-Saharan Africa including in the continent's energy resources. In the last decade, however, Western influence has declined as emerging powers of the Global South, in particular China, have rapidly entered sub-Saharan markets, as analysed closely in Chapter X of this edited volume. In this chapter, I examine the British and US presence and strategies, putting them into the context of the new scramble for energy resources in sub-Saharan Africa, which is marked by

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the competition of mostly Western international oil companies (IOCs) and national oil companies (NOCs) from emerging powers.

I note two sharply diverging trajectories of power and influence following the 9/11 terrorist attacks, an era characterised by increasing concerns about energy security in the US and likewise by Britain becoming a net importer of energy. The presence of the US in the sub-Saharan region has eclipsed that of Britain, and whereas energy companies from both countries have significant interests across the subcontinent, only the US remains a major player there. According to data from the US Energy Information Administration, US oil imports from its six biggest suppliers in sub-Saharan Africa (Angola, Cameroon, Chad, Gabon, Nigeria and the Republic of the Congo) increased substantially, that is, by 40 per cent, from 2001 to 2010. By comparison, total US oil imports increased by only 16 per cent during that time, peaking in 2005.

However, rapidly increasing shale gas and tight oil production by hydraulic fracturing (fracking) at ~~home~~ home will likely transform the approach of the US to global energy markets. Consequently, its interest in sub-Saharan energy resources is now receding. By 2012, US oil imports from sub-Saharan Africa had declined by 59 per cent from peaks only a few years earlier, a precipitous drop in comparison to a 23 per cent drop in overall US oil imports from 2005 to 2012. Conversely, an increasingly energy dependent Britain must seek out new and potentially more volatile sources of energy imports.

The argument that I develop inductively is that the US will remain able to employ the essentially Waltzian, neo-Realist strategies described by Kagan (2003) as ‘great power strategies’, whilst Britain will increasingly become forced to devise solutions based on the Keohanian logic of interdependence underpinning what Kagan terms ‘strategies of the weak’.

Competing for Sub-Saharan Energy Resources

As stocks of oil and gas began to dwindle in West during the post-WWII era, there has been a steady race to expand energy extraction activities globally. However, much of the oil and gas in the Persian Gulf is nationalised and thus off limits to Western companies, as are many of the major deposits in Russia and Venezuela. Hence the Western energy giants' presence in sub-Saharan Africa, because resources they need and stand reasonably good chances to acquire are there. Despite the bad reputation of resource extraction in developing regions, memorably evoked by Klare's (2004) 'blood for oil' and Ross's (2008) 'blood barrels', and the enthusiasm for renewable sources of energy, we are, as Collier (2010) has forcefully argued, not at the end but only in the early stages of the era of extractive industries.

Whilst the developed world's conventional energy resources have already been well-explored and prospected, those in sub-Saharan Africa are much less so. Indeed, 'knowledge about the quantities of [the region's] resources is limited and a comprehensive, country-based assessment still remains a challenge' (African Development Bank and the African Union 2009, 7). Uncertainties aside, major new energy deposits are being discovered across sub-Saharan Africa and off its shores. The US Geological Survey estimates that the coastal region of East Africa holds 12 trillion cubic metre (cum) of gas, which is approximately more than 50 per cent of the reserves in Saudi Arabia (Myburgh 2012). According to a report by KPMG Africa (2013), proven gas reserves in Nigeria and Angola in 2013 amount to 5 trillion and 310 billion cum respectively, about 86 per cent of proven reserves in sub-Saharan Africa. Recently revised estimates for significant recoverable oil deposits in Uganda (2.5 billion barrels) and Kenya (several hundred million barrels), and gas in Tanzania (935 billion cum) are expanding the number of countries in sub-Saharan Africa that can become significant energy exporters. Whilst Angola and Nigeria are the region's two dominant producers of oil and gas, a more diverse map is now emerging.

[MAP HERE]

Sinking costs into energy extraction in sub-Saharan Africa may be a risky proposition in comparison to similar activities in Europe and North ~~America~~, America, but Taylor (2010) identifies various advantages of sub-Saharan Africa: Much of the region's crude oil is of high quality, making the process of refining it more cost-effective. Sub-Saharan oil and gas can easily reach wide-open waterways in the Atlantic and Indian Oceans, thereby avoiding the geostrategically problematic transportation routes in the Persian Gulf. Especially recent discoveries are located offshore and hence hardly affected by latent violent conflicts as in the eastern Democratic Republic of the Congo or the Niger Delta. Western IOCs often possess technologies needed to exploit these offshore resources that NOCs do not yet control (with Brazil's Petrobras being the exception). Moreover, most governments in sub-Saharan Africa have tended to offer relatively favourable contracts to IOCs. Many of the smaller and more recent oil producers are not members of the Organisation of Petroleum Exporting Countries, which also implies more flexibility in contracts and prices.

In competing for these resources, British and US strategies have differed significantly from those of China and other energy dependent emerging powers. Without adopting an overly rose-tinted perspective on the history of resource extraction by the West, Britain and the US have to some degree promoted liberalisation, human rights and democratisation in recent decades. China, on the other hand, has come to symbolise a model of presumed non-interference that implies an outright tolerance of autocracy and corruption – a game that is more difficult for Western corporations to engage in today (Taylor 2006).

One example of this difference in approaches is the British government's emphasis on trade, tax and transparency at the 2013 G8 Summit at Lough Erne. A headline achievement of the summit was the agreement to reform international corporate tax rules, in particular to make

tax authorities worldwide automatically share information (Parker and Houlder 2013). The aim is to crack down on low-tax havens, where the lack of transparency enables tax evasion on a massive scale by multinational corporations, including global energy companies. Successfully combating corruption and tax fraud is, following Collier (2010), crucial for ensuring the ability of sub-Saharan Africa to transform itself with its own revenues.

However, Western companies and, as a consequence, Western treasuries have certainly benefited from the status quo. It is not clear what the relative impact of more transparency would be on Western companies based in liberal market economies as compared to companies operating as state-owned entities in less transparent democracies or authoritarian regimes of the Global South. A more level playing field might still advantage the managerial and technological superiority of Western energy companies even if, as Leis, McCreery and Gay (2012) demonstrate, the state-owned companies from emerging markets are rapidly catching up. A more transparent tax regime, allowing major resource exporting countries to retain a greater share of the profits from their natural endowments, could also mitigate the return of resource nationalism, which poses a danger to long-term interests of energy companies and resource consumers alike (Bremmer and Johnston 2009; Vivoda 2009).

The rise of some states from the Global South, notably Brazil, China, India and South Africa, which form, together with Russia, the influential BRICS grouping, and the resulting shift of economic power away from the West, has had a profound impact on most aspects of international relations, including the strategic interests of Britain and the US in sub-Saharan Africa. There has emerged '[a] preoccupation with China and the United States reflect[ing] discussions in the corridors of power in Washington and Beijing about a new Sino–American rivalry in [sub-Saharan] Africa' (Frynas and Paulo 2007, 230), albeit one which in some areas of commercial interaction can lead to collaboration as well as competition (Grabowski 2011;

de Graaff 2011). Such a rivalry, it is argued, leaves Britain amongst others and its commercial interests as second rate actors across the subcontinent.

Reflecting its increasing influence, data from BP show that Chinese oil imports from sub-Saharan Africa increased from 10 per cent of total imports in 2001 to 17 per cent in 2011, having peaked at 25 per cent in 2007, and Chinese NOCs are increasingly active across the region. China regularly applies diplomatic pressures and financial might to ‘undercut tenders from Western [IOCs ...] through economically unviable bids, tied to political promises of [...] aid and investment’ (Raphael and Stokes 2011, 912). With increasing power and influence, China is more and more able to employ Waltzian ‘great power strategies’ that are, more often than not, unavailable to declining powers like Britain.

Along with the NOCs from emerging powers that are making inroads in the energy markets of sub-Saharan Africa, British and US IOCs remain active across the region though – with the partial exception of BP, whose presence in sub-Saharan Africa is in the downstream sector, albeit with current exploration for oil and gas in Angola:

- ExxonMobil has, together with the Nigerian National Petroleum Corporation (NNPC), major operations in Nigeria (as Mobil since 1955) and coventures in Angola with state-owned Sonangol. ExxonMobil is also the major partner, together with Malaysia’s Petronas and Chevron, in the Chad–Cameroon Pipeline Project, bringing oil from southern Chad to a port in Cameroon. It is, in partnership with the national oil company GEPetrol, the largest oil producer in Equatorial Guinea.
- In addition to its involvement in the Chad–Cameroon Pipeline, the focus of Chevron’s oil production in sub-Saharan Africa is in Nigeria together with the NNPC, and in Angola where it is the country’s largest foreign oil employer.
- ConocoPhillips is active in Angola in partnership with Sonangol. It announced in 2012 that it was divesting its significant business in Nigeria.

- Royal Dutch Shell is primarily active in Nigeria (since the 1950s) in joint ventures with the NNPC (since 1979), although the company is now seeking to divest its conflict-ridden onshore resources. Royal Dutch Shell is also engaging in exploration in Gabon.

New discoveries, particularly in Mozambique and in East Africa, are transforming competition by bringing in new actors, both smaller (Western) independents and NOCs. Finding these new deposits of oil and gas is an increasingly complex undertaking. Frontier exploration in sub-Saharan Africa has generally been led by Western specialist exploration companies such as Africa Oil, Anadarko, Kosmos, Ophir Energy and Tullow. But major Western companies including Chevron, ExxonMobil, Royal Dutch Shell and Total are also getting involved, as are the China National Offshore Oil Corporation (CNOOC), the China National Petroleum Corporation (CNPC) and Brazil's Petrobras (Callus 2013).

Descriptions of the interest in (sub-Saharan) Africa as a new scramble provide a useful context for understanding the rush amongst energy companies to secure access to energy across sub-Saharan Africa (Abramovici 2004; Carmody 2011). According to Mitchell and Mitchell, '[t]he geography of the international oil trade is at a tipping point' as structural deficits in oil production now exceed structural surpluses in the Middle East; other regions including sub-Saharan Africa will from now on be 'the hinge on which the international [energy] trade turns' (2014, 40).

The Challenge of State-Owned Competition

On balance, the greater ability of Western companies to manage risk and raise risk capital, and their generally superior organisational and technological capabilities (Petrobras constituting an exception to the rule), give them an advantage over the NOCs from emerging powers when it comes to discovering and developing oil that is increasingly difficult to extract in frontier regions (Carmody 2011; Nolan and Thurber 2010). And even though NOCs

are increasingly good at catching up operationally and technologically, thus eroding the advantages of Western companies, there is evidence throughout the history of oil production for this dynamic in favour of Western IOCs (Tordo 2011):

‘[L]arge IOCs have always been at the frontier of discovering and developing “new” sources of energy. In the 1950s and the 1960s and even before, it was the Majors [notably Anglo-Persian/BP, Royal Dutch Shell and Standard Oil of California/Chevron] who found the large fields in the Middle East. In the 1960s and the 1970s, it was the IOCs who developed offshore production. In the early 1990s, it was the large IOCs [Amoco, BP, Conoco, Exxon, Mobil and Royal Dutch Shell] who had the capital and technology to develop deep-water production. [And future advantages for IOCs as compared to NOCs] could be linked into gas or into the heavy oils, tar sands and shale or even the more exotic renewables’ (Stevens 2008, 25).

It may, however, be an increasingly precarious advantage on which the IOCs depend for their very existence in an era of nationalisation of resources. A report by the organisation ‘Securing America’s Future Energy’ (2013, 6) warns that the ‘excessive’ reliance on oil constitutes ‘one of the greatest threats to US national security’, partly because the rising power and influence of emerging powers and their NOCs threatens the openness of global energy markets. In a global economy where the role of the state is declining in most sectors, NOCs control by some estimates 85 per cent of the proven oil reserves and have done so for decades. This contributes to an increasingly difficult environment in which to pursue energy security, not only for the US but also for Britain and other countries that rely on major IOCs operating freely in global markets.

IOCs are per definition not beholden to the governments of the countries in which they are headquartered. However, energy security is of such significance that energy dependent Western states have been eager to support the interests of their IOCs not only because they generate substantial tax revenues, but also because their successful operation will help maintain steady supplies of energy on the best terms possible. At the same time, what Stevens (2008, 12) describes as the ‘underlying problem of managerial freedom for the IOCs and the lack of producer government control over [IOC] operations’ produced waves of resource nationalism, throughout the 1970s in particular. Beginning in the Middle East – as early as the 1950s with the nationalisation of the Iranian oil fields – and then in Africa, Latin America and elsewhere, the result was nationalisation by non-Western producer countries of a very substantial share of the world’s energy supplies, as well as the creation of the first generation of NOCs to compete with Western energy giants.

Further complicating this situation is the fact that responses by IOCs to the strategic interests of the countries in which they originate are often ambivalent. For instance, whilst ExxonMobil (and other IOCs) had preferred to handle their own security problems in Nigeria and often kept their arrangements secret from US officials, the increase in 2006 of kidnappings and piracy in the Niger Delta ‘altered their attitudes’ (Coll 2012, 468-469). Coordination and information-sharing became commonplace, along with increasing demands for, and reliance on, the US government exerting diplomatic pressures, underpinned by an expanding military presence, in the country. It appears that whenever relations with a producer government were already deemed adequate, ExxonMobil considered the interests of the US government less than helpful.

This was the case in the company’s dealings with the authoritarian regime of President Teodoro Obiang in Equatorial Guinea. Mobil (before the merger with Exxon) acquired a hugely profitable contract with Equatorial Guinea in 1994, described by the International

Monetary Fund as containing the ‘by far [...] most generous tax and profit-sharing provisions in the region’ (quoted in Shaxson 2007, 37). Obiang had long sought closer relations, including military training, with the US. But his requests had been thwarted, first by the Clinton administration concerns about closer involvement with Equatorial Guinea on account of its very poor human rights record, and initially also by the G. W. Bush administration voicing similar concerns. For a company from the US concerned about its future in this unstable country, these were unwelcome concerns. Following 9/11, however, concerns about attacks on petroleum installations owned by US energy companies in Equatorial Guinea and the fact that the country was now predicted to become the third largest oil producer in sub-Saharan Africa, saw the US government acquiesce in the long-standing request by Obiang to reopen its embassy in Equatorial Guinea and establish closer relations on security cooperation (Coll 2012).

When it comes to relations between Western governments and IOCs, and especially companies based in Britain and the US, *dirigisme*, which has at times characterised state-business relations in France, Germany and Japan, has generally been absent. There are few instances of patriotism trumping profit for companies with global operations and interests. Being asked by a board member whether he would consider building more refineries at home to enhance US energy security and reduce the risk of petrol shortages, ExxonMobil chief executive officer and chairman Lee Raymond, by all measures a man from a patriotic background in the heartland of the US, replied: ‘Why would I want to do that? [...] I’m not a US company, and I don’t make decisions based on what’s good for the US’ (Coll 2012, 71).

As this anecdote exemplifies, relations between Britain and the US and the energy companies on which they primarily rely are inherently more complicated than those between NOCs and the governments that own and control them. At the same time:

‘The emerging trend of downstream and upstream internationalisation of NOCs is particularly threatening for major IOCs. The NOCs are challenging the IOCs on their own turf, as most NOCs now have international activities [in sub-Saharan Africa, notably China’s CNOOC, CNPC and Sinopec, Brazil’s Petrobras, Malaysia’s Petronas, and India’s Oil and Natural Gas Corporation and Indian Oil Corporation ...] and are increasingly competitive with IOCs. This is exacerbated by NOCs’ access to cheap home government finance, which provides them with unfair advantage vis-à-vis major IOCs in bidding for concessions’ (Vivoda 2009, 9).

This is the ever more competitive environment in which Western IOCs and governments must compete for energy resources that are in demand by an increasingly diverse range of NOCs and emerging market actors.

British Decline and Dependence

In 1938 British colonial authorities in Nigeria granted Shell–BP a monopoly of exploration for oil. This gave Shell–BP a dominant position in Nigeria’s oil industry once major deposits were found in the Niger Delta in 1956. However, the assets of BP were nationalised in 1979. General Olusegun Obasanjo’s government used nationalisation partly to exert pressure on the British government, which still owned a majority stake in BP – a crucial difference compared to Shell’s position – in the question of black majority rule in Rhodesia/Zimbabwe then entering a crucial phase (Frynas, Beck and Mellahi 2000). Shell managed, in a new partnership with the NNPC, to retain a major presence in the region’s largest oil producing and exporting country. Being the first IOC to establish itself during the era of British colonial domination, Shell could gain a dominant position vis-à-vis other IOCs in the early stages of oil production and also closer relations with Nigeria’s ruling elites. This constituted an

important first mover advantage, allowing Shell to stave off threats of nationalisation and competition from US companies in particular (Frynas, Beck and Mellahi 2000).

Although British companies maintained their dominant positions in some sub-Saharan countries, British interests throughout the region inevitably receded following decolonisation and the post-WWII decline of British power. By the 1970s, the British economy was the new 'sick man of Europe', culminating in the indignities of the 'winter of discontent' in 1978–1979. But it was also at this time that Britain became a net energy exporter as its North Sea deposits came on stream.

Consequently sub-Saharan Africa received relatively little attention during the many years of Conservative government from 1979 to 1997 (Porteous 2008). The New Labour victory in 1997 resulted in a renewed interest in the region. Rapid economic growth in Asia and China's massive demand for energy compounded British concerns about dwindling oil reserves, and in 2004 Britain had again become a net importer of oil and gas. A white paper published in 2006 by the Foreign and Commonwealth Office identifies the maintenance of 'open and diversified energy markets that ensure long-term security of supply' as a strategic priority (2006, 34). This is quite plausible considering that Britain's dependence on imports of oil and gas is rapidly increasing.

According to Eurostat data, Britain had been Europe's second largest producer and exporter of energy after Norway in 2002 with a surplus energy production of 28,600 tonnes oil equivalent but was importing 60,700 tonnes by 2010. This represented a production swing from surplus to deficit of about 312 per cent, whilst during the same period net increase in primary energy imports for the European Union was only 11 per cent. In consequence, Norway, Britain's traditional supplier of oil and gas, will not be able to meet the British demand much longer. Russia appears to be the most logical alternative supplier. Yet, given political friction with Russia, Britain will most likely be forced to engage in the scramble for

energy resources in sub-Saharan Africa. The obvious places of interest will be the Anglophone countries of East and Western Africa, where Britain retains an important diplomatic presence and where IOCs like Royal Dutch Shell and smaller British independents participate actively in the increasing exploration for new oil and gas deposits.

Still, these thoughts about Britain's future role in the scramble for sub-Saharan energy resources are speculative. Presently, Britain imports only small amounts of gas and relatively little oil from sub-Saharan Africa: about 7 per cent of its oil imports come from Nigeria, Britain's third largest source of imports after Norway and Russia, amounting to 70,000 barrels per day in 2011. Furthermore, Royal Dutch Shell's operations in Nigeria remain a long-standing source of controversy (Platform 2011). This may deter the British government from fostering a more active sub-Saharan energy strategy, especially if it would become interpreted as a form of 'securitisation' of oil along US lines. Thus, the comparatively marginal role that Britain plays today in the struggle for energy resources in sub-Saharan Africa suggest that the former global hegemon has not (yet) developed an explicitly geostrategic approach vis-à-vis the region.

British government thinking on sub-Saharan Africa in relation to energy security represents at most a continuation of general themes. These consist of improving energy efficiency, researching alternative options to the main non-renewable sources of energy, and working within international organisational frameworks such as the Organisation of Economic Cooperation and Development and the World Trade Organisation to ensure open access to supplies. The UK Government's *National Security Strategy of the United Kingdom* (2008) contains a discussion of energy security, but it does so in relation to competition from countries like China and India with no specific mention of sub-Saharan Africa. Likewise, the *Energy Security Strategy* (2012) of the Department of Energy & Climate Change examines

scenarios into mid-century and notes Nigeria as Britain's third largest source of oil imports but contains no discussion of a sub-Saharan strategy.

In sum, the strategy that does exist rather emphasises Keohanian elements of global interdependence where competitive markets and regulating for security are the basis on which British energy security is understood to rest. Following Youngs (2009), there has been no radical shift in Britain's (and the EU's) strategic thinking on energy security in relation to sub-Saharan Africa. The region remains relatively neglected.

American Ascent and Independence

The US presence in sub-Saharan Africa became increasingly powerful as the countries of the subcontinent moved towards independence in the 1960s. However, given the enormous supplies of oil available from the Middle East and Venezuela in particular, sub-Saharan Africa was a low priority for the US during much of the Cold War when the country assumed its role as the prime global power with concomitant global interests in securing energy supplies.

Only after the 9/11 terrorist attacks, US interests in sub-Saharan energy resources increased to the degree that they became a key driver for foreign policy in the region. The general idea was to replace the increasingly insecure and anti-US oil exporters from the Persian Gulf with friendlier sub-Saharan partners. A wide range of commentators argued that the US would eventually import 25 per cent of its oil from West Africa, mainly from Angola, Chad, Equatorial Guinea and Nigeria. These countries would thusly replace the Persian Gulf as the primary source of US oil imports. Such predictions seemed vindicated by the expanding operations of IOCs from the US in the region. For instance, ExxonMobil produced about 25 per cent of its oil in Africa by 2008, more than anywhere else, and Chevron spent about 35 per cent of its global budget for oil exploration and production there (Carmody 2011).

The increasing importance of sub-Saharan Africa was also reflected in government strategies. The 2001 *National Energy Policy Report* by the National Energy Policy Development Group, often referred to as the ‘Cheney Report’, argued that ‘energy security must be a priority of US trade and foreign policy’ (National Energy Policy Development Group 2001, xv). Due in part to Africa’s increasing importance as a source of oil and gas, the Pentagon and the State Department designated the continent as a ‘significant potential threat to national security’ in 2002 (Barnes 2005, 236).

The US reinforced its role as one of the key players in [sub-Saharan] African energy politics through its acceleration in the deployment of military and economic power in the region, ranging from an increased naval presence and expanded security assistance to trade legislation and economic assistance (Raphael and Stokes 2011). The establishment of the US Africa Command, AFRICOM, in 2007 further exemplifies the securitisation of foreign policy in sub-Saharan Africa. A congressional report on AFRICOM, specifically the role of the US military and strategic interest in sub-Saharan Africa, highlights Nigerian oil supplies as a key concern. It quotes a senior Department of Defence official noting already in 2003 that ‘a key mission for US forces [...] would be to ensure that Nigeria’s oil fields are [...] secure’ (Ploch 2007, 14).

Yet the Cheney Report and resulting strategies are now being overcome by events. The US is, according to *Securing America’s Future Energy* (2013, 6), ‘in the midst of the most important shift in domestic energy production in a generation’. Data from the Energy Information Administration shows that US shale gas production increased from 36 billion cum in 2007 to 226 in 2011, a more than six-fold increase in only four years. Tight oil output, that is, crude oil deposits in sedimentary rocks such as shale or sandstone, increased from 230,000 barrels per day in 2005 to 2 million in 2012, a more than eight-fold increase. The International Energy Agency (2013a) describes this as a ‘supply shock’ that will be ‘as transformative to

the [energy] market over the next five years as was the rise of Chinese demands in the last 15 years'. Indeed, '[t]here is hardly any aspect of the global oil supply chain that will not undergo some measure of transformation over the next five years, with significant consequences for the global economy and oil security', as the International Energy Agency (2013b) points out in another press statement. This transformation will certainly be felt in West Africa where the major exporters of oil to the US are located and probably also beyond. Instead of more sub-Saharan oil heading for American shores, there has been a sharp drop in oil imports from the region. Within two years, US oil imports from Nigeria have dropped by more than 50 per cent, from over 1 million barrels per day in 2010 to just over half a million in 2012. Imports from Angola had averaged over half a million barrels per day in 2008 and were down to slightly less than 200,000 in 2012. Edward Morse, head of commodities research at Citigroup Global Markets, predicts that 'sometime before mid-2014, the US and Canada will stop importing crude [oil] from West Africa altogether' (quoted in Philips 2013). In consequence, sub-Saharan Africa may lose much of its political relevance to the US. 'Will we even need embassies in places like Nigeria anymore?' retorts one energy insider interviewed by the author of this paper, when asked how the shale gas and oil revolution has transformed strategic thinking in Washington.

This is a remarkable turnaround with profound implications for US interests in sub-Saharan Africa, even if these are recent developments and the overall consequences remain to be seen. The approach to sub-Saharan Africa will likely become more flexible and detached, including disengagement from trouble spots like Nigeria's onshore fields. This would reduce Nigeria's long-standing importance to US oil supplies, whilst the US would rather seek to prioritise new areas of exploration in the more stable East African region or outside the region altogether. The impact on the oil exporting economies now having to readjust to a rapidly changing energy market is also likely to be momentous. Nigeria's oil minister, Diezani

Alison-Madueke, warns that '[US] shale oil has been identified as one of the most serious threats for [sub-Saharan] African producers [who] could lose 25 [per cent]' of their oil revenue (Faucon 2013).

These developments are reflected in other areas as well. Senior US diplomats, amongst them Mark Green (former Ambassador to Tanzania), Tom Woods (former Deputy Assistant Secretary of State for African Affairs) and Jendayi Frazer (former Assistant Secretary of State for African Affairs and Ambassador to South Africa), explained in personal interviews conducted with me in Washington in September 2011, that the engagement of the US in sub-Saharan Africa reached its high water mark during the G. W. Bush administration. The focus on sub-Saharan Africa has, according to these sources, become diminished during Obama administration, even if Raphael and Stokes (2011) see a general trend of continuity in its early years.

Conclusion and Outlook

The US is now moving towards the real prospect of energy independence. Most estimates for when the country might grasp what has been a 'holy grail' of strategic policy since the country experienced rationing of petrol in the early 1970s cluster around the year 2030 (Cambanis 2013). This trajectory means that the US will become increasingly free to employ what Kagan (2003) terms 'great power strategies', especially in regions of decreasing significance like sub-Saharan Africa. Following standard expectations derived from neo-Realist theory of international relations (Waltz 1979), increasing energy independence will enhance the power capabilities of the US vis-à-vis its competitors and energy exporting countries. This is a significant advantage for the US as the world's largest energy consumer, albeit with its main competitor China close behind and having possibly overtaken the US as the world's largest oil importer by late 2013.

Independence from energy imports may enable the US to push harder for a US-led liberal global economy that perpetuates its structural power by enforcing its economic and political prescriptions in developing countries, including those from sub-Saharan Africa (Raphael and Stokes 2011). The same phenomenon may, however, also boost isolationism in the US. In particular regarding small and underdeveloped sub-Saharan markets, which are not nearly as significant as those of the Far East, the US may significantly reduce its commitment in terms of partnerships for economic development and security operations.

By contrast, weaker and declining powers must to a greater degree prioritise interdependence and seek to restrain unilateral state agency by attempting to exert influence through multilateral action and emphasising international law and norms (Ikenberry 2003). Such strategies conform generally to a political context determined by multilateral norms as conceived by Ruggie (1992). Britain has seen its relative powers decline and is now entrenched as a secondary power in its 'special relationship' with the US. Thus Britain is increasingly forced to rely on the strategies of the weak, acquiescing in the Keohanian logic of interdependence by seeking to institutionalise transparency and norms to conserve power in a time of decline.

This approach is reflected in the way that trade, tax and transparency issues were prioritised by the British government at the 2013 G8 Summit. It supports the hypothesis that Britain pushes for these strategies because the resulting environment would be advantageous to Western energy companies and for the maintenance of open markets. An emphasis on increased transparency might help Western governments and IOCs to leverage advantages in business models and technology. However, it could also result in a one-sided compliance by Western governments and burden on Western-based IOCs. This would make it more difficult for them to compete with NOCs from emerging powers in the all too often murky world of sub-Saharan energy extraction, what an article published in *The Economist* on 15 July 2013

warns of as a 'competitive disadvantage'. Strategies from weakness entail less room for manoeuvre and are fraught with danger, but the distinction between the strategies of the strong and of the weak will increasingly manifest itself in comparisons of British and US attempts to secure their respective energy interests in this new era.

Lastly, whether the IOC or the NOC model will eventually prove superior is unclear. Perhaps increasingly energy dependent countries like Britain will come to consider hybrid NOC options when faced with stiffening competition for energy supplies from increasingly competent and powerful NOCs. These questions are relevant not only for understanding energy politics, but for wider debates on the merits of liberal versus coordinated market economies (Hall and Soskice 2001). Whatever the future of these competing types of energy companies, the geopolitics of energy is a crucial element for understanding how wealthy and energy dependent countries can maintain the economic competitiveness that has underpinned their expensive ways of life (Duffield 2012). The prominence of Western IOCs in the global extractive industries means that we must have a better understanding of both how Western governments and energy companies approach the twenty-first century's 'great game' of controlling, exploiting and profiting from these vital sources of energy.

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